
HOUSE BILL No. 1274

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-13-9-2; IC 36-1-4-20.

Synopsis: Loans and gifts between political subdivisions. Authorizes a political subdivision to invest in the obligations of another political subdivision that is located in any part in the same county. Permits a county, city, town, or township to grant or loan money to another political subdivision that is located in any part of the same county for any purpose of the county, city, town, or township making the grant or loan or the political subdivision receiving the grant or loan.

Effective: Upon passage.

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January 13, 2009, read first time and referred to Committee on Local Government.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1274

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 5-13-9-2 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Each officer designated
3 in section 1 of this chapter may invest or reinvest any funds that are
4 held by the officer and available for investment in any of the following:
5 (1) Securities backed by the full faith and credit of the United
6 States Treasury or fully guaranteed by the United States and
7 issued by any of the following:
8 (A) The United States Treasury.
9 (B) A federal agency.
10 (C) A federal instrumentality.
11 (D) A federal government sponsored enterprise.
12 (2) Securities fully guaranteed and issued by any of the following:
13 (A) A federal agency.
14 (B) A federal instrumentality.
15 (C) A federal government sponsored enterprise.
16 **(3) The obligations (as described in IC 5-1-1-1) of another**
17 **political subdivision that is located in any part of the same**



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1 **county.**

2 (b) If an investment under subsection (a)(1) is made at a cost in
3 excess of the par value of the securities purchased, any premium paid
4 for the securities shall be deducted from the first interest received and
5 returned to the fund from which the investment was purchased, and
6 only the net amount is considered interest income.

7 (c) The officer making the investment may sell any securities
8 acquired and may do anything necessary to protect the interests of the
9 funds invested, including the exercise of exchange privileges which
10 may be granted with respect to maturing securities in cases where the
11 new securities offered in exchange meet the requirements for initial
12 investment.

13 (d) The investing officers of the political subdivisions are the legal
14 custodians of securities under this chapter. They shall accept
15 safekeeping receipts or other reporting for securities from:

- 16 (1) a duly designated depository as prescribed in this article; or
17 (2) a financial institution located either in or out of Indiana having
18 custody of securities with a combined capital and surplus of at
19 least ten million dollars (\$10,000,000) according to the last
20 statement of condition filed by the financial institution with its
21 governmental supervisory body.

22 (e) The state board of accounts may rely on safekeeping receipts or
23 other reporting from any depository or financial institution.

24 (f) In addition to any other investments allowed under this chapter,
25 an officer of a conservancy district located in a city having a population
26 of more than four thousand six hundred fifty (4,650) but less than five
27 thousand (5,000) may also invest in:

- 28 (1) municipal securities; and
29 (2) equity securities;

30 having a stated final maturity of any number of years or having no
31 stated final maturity. The total investments outstanding under this
32 subsection may not exceed twenty-five percent (25%) of the total
33 portfolio of funds invested by the officer of a conservancy district.
34 However, an investment that complies with this subsection when the
35 investment is made remains legal even if a subsequent decrease in the
36 total portfolio invested by the officer of a conservancy district causes
37 the percentage of investments outstanding under this subsection to
38 exceed twenty-five percent (25%).

39 (g) In addition to any other investments allowed under this chapter,
40 a clerk-treasurer of a town with a population of more than six thousand
41 three hundred (6,300) but less than ten thousand (10,000) located in a
42 county having a population of more than one hundred thousand

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(100,000) but less than one hundred five thousand (105,000) may also invest money in a host community agreement future fund established by ordinance of the town in:

(1) municipal securities; and

(2) equity securities;

having a stated final maturity of any number of years or having no stated final maturity. The total investments outstanding under this subsection may not exceed twenty-five percent (25%) of the total portfolio of funds invested by the clerk-treasurer of a town. However, an investment that complies with this subsection when the investment is made remains legal even if a subsequent decrease in the total portfolio invested by the clerk-treasurer of a town causes the percentage of investments outstanding under this subsection to exceed twenty-five percent (25%).

SECTION 2. IC 36-1-4-20 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 20. A unit may grant or loan money to another political subdivision that is located in any part of the same county to carry out any purpose of the unit making the grant or loan or of the unit receiving the grant or loan.**

SECTION 3. **An emergency is declared for this act.**

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